



# Department of Justice

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THURSDAY, MAY 12, 2005  
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## **TWO EXECUTIVES AND THEIR LINEN SUPPLY COMPANIES INDICTED ON CUSTOMER ALLOCATION CHARGE**

WASHINGTON, D.C. -- A federal grand jury today indicted two executives and their Brooklyn, New York companies for participating in a conspiracy to allocate customers for linen supply services in the New York City metropolitan area, the Department of Justice announced.

According to the indictment filed in the U.S. District Court in Manhattan, General Linen Supply & Laundry Co. Inc., doing business as Cascade Linen & Uniform Service and Cascade Linen Supply (Cascade); Joseph Lagana, vice president of Cascade; Best Metropolitan Towel & Linen Supply Co. Inc. (Best Metropolitan); and Edward Savarese, vice president of Best Metropolitan, were charged with participating in a conspiracy to allocate customers for linen supply services in New York City; portions of Westchester, Suffolk, and Nassau Counties, New York; portions of northern New Jersey, and portions of Fairfield County, Connecticut. The conspiracy took place from 1994 until September 2002.

Including today's charges, five companies and six individuals have been charged in connection with the Antitrust Division's ongoing investigation of the linen supply industry.

"Customer allocation agreements deprive businesses and consumers of competitive choices and prices, and we will remain vigilant in detecting and prosecuting this type of behavior," said Scott D. Hammond, the Antitrust Division's Deputy Assistant Attorney General for Criminal Enforcement.

Linen supply companies primarily supply restaurants, cafeterias, and caterers with laundered items such as table linens, napkins, chef's uniforms, and aprons. Linen supplies are a significant cost of business for these establishments. During the period of this conspiracy, the defendants and co-conspirators generated sales revenues from the supply of linen services in the New York metropolitan area in excess of \$500 million.

According to the charges, Cascade, Best Metropolitan and other linen supply companies carried out the conspiracy by agreeing not to compete for each other's customers, meeting to discuss and affirm their agreement, notifying each other when customers were contemplating switching linen suppliers, and submitting intentionally high non-competitive price quotes or refraining from submitting price quotes to customers.

The defendants were charged with violating Section 1 of the Sherman Act, which carries a maximum penalty of a \$10 million fine for a corporation and a maximum penalty of three years imprisonment and a \$350,000 fine for an individual for a violation occurring before June 22, 2004. The fine may be increased to twice the gain derived from the crime or twice the loss suffered by the victims of the crime, if either of those amounts is greater than the statutory maximum fine.

On May 9, 2005, Central Laundry Service Inc., which does business as Sea Crest Linen Supply, and its vice president and owner, Stanley Olan, pleaded guilty to similar charges of conspiring to allocate customers. Olan also pleaded guilty to obstruction of justice. In February 2005, Polo Linen Supply Co. and its owner, Anthony Lampropoulos, pleaded guilty to similar charges of conspiring to allocate customers. In August 2004, Joel Gorkowski, a former salesman for Cascade Coat and Linen Co., pleaded guilty to making false statements to a grand jury investigating the linen supply industry. In late 2003, White Plains Coat and Apron Company and

its president, Bruce Botchman, pleaded guilty to similar charges of conspiring to allocate customers. White Plains was sentenced August 13, 2004 to pay a \$3.5 million fine. Central Laundry, Polo Linen, Lampropoulos, Botchman, Gorkowski, and Olan are awaiting sentencing.

Today's charges resulted from an ongoing investigation of the linen supply industry being conducted by the Division's New York Field Office with assistance from the Federal Bureau of Investigation.

Anyone with information concerning territorial or customer allocation or related offense in the linen supply industry should contact the New York Office of the Antitrust Division at (212) 264-0390.

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